

CHAPTER 13

PROJECT CLOSEOUT

AND

CHAPTER 14

PROJECT AUDITS

CHAPTER 13:

PROJECT CLOSOUT

- “Closeout” – a process by which MDOC determines that:
 - ◆ all work required by the grant and
 - ◆ all applicable administrative actions have been completed
 - ◆ in accordance with the terms and conditions of the CDBG contract.
- Conditional Closeout or Final Closeout?
- Chapter 13 shows you how to prepare the pieces of the Project Completion Report that are needed for Closeout

CHAPTER 14:

Project Audit Requirements

- This chapter provides guidance on:
 - ◆ federal and state audit requirements relevant to projects using CDBG Program funds received from MDOC
 - ◆ how to find what sort of audits are needed for your project

Determine Which Audit Requirements Apply to Your Project

- ❑ **Requirements in Montana Law:** The Montana Single Audit Act requires all governing bodies that receive revenues of financial assistance in excess of \$200,000 during the reporting period (one fiscal year) to perform an audit.
- ❑ **Requirements in Federal Law:** Local governments that receive \$500,000 or more in a fiscal year in federal awards are subject to the federal Single Audit Act and OMB Circular A-133 and therefore must have a single (program specific) audit.

AUDITS and CLOSEOUTS

- If audit requirements are met on 90% of the CDBG funds granted, and there are no unresolved claims, a “**final** closeout certification” may be submitted.
- If an audit is still required and/or there are unresolved claims, a “**conditional** closeout certification” must be submitted.

Prepare Project Completion Report

- Within 90 days following the completion of the CDBG-funded project activities, the CDBG recipient must submit a Project Completion Report.
- Instructions for completing the report: **Exhibit 13-A.**
- Once a conditional or final closeout has been approved by MDOC, **the two percent of the project budget retained by MDOC will be released** to the CDBG grant recipient.



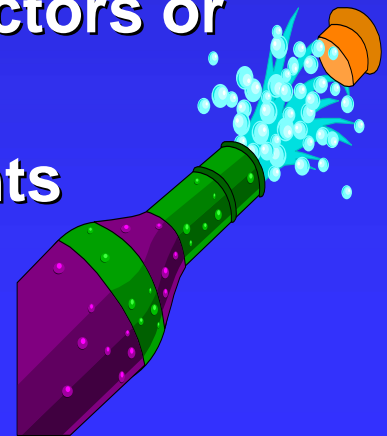
THREE STEPS OF THE PROJECT COMPLETION REPORT

STEP 1 - Complete **Final Project Performance Report** (Exhibit 13-B)

STEP 2 - Complete **Certification of Completion** and **Status of Funds Report** (Exhibit 13-C)

STEP 3 - Provide the following information to CDBG:

- ◆ a narrative with charts and tables to summarize information required in **Exhibits 13-A** through **13-G**
- ◆ copy of engineer's certificate of substantial completion
- ◆ if applicable, describe any liens from contractors or suppliers and any third party claims
- ◆ summary of citizens' comments or complaints



Program Income?

- **"Program Income"** is defined as **any income earned by a grantee from CDBG-supported activities** -- such as repayments of principal and interest to a local revolving loan program for housing rehabilitation.
- The **CDBG Program Income and Revolving Loan Fund Manual** (Montana Department of Commerce, January, 1996) outlines the standards for accounting for program income related to projects financed in whole or in part with federal grant funds.

Thinking Forward:

Conditions for Applying for a New Grant

Housing: November, 2008

Public Facilities: May, 2009

Competitions for FY2009 or FY2010 Funds

- ☐ **FY 2008 grantees** – 75% of CDBG Activity completed or 75% of non-administrative CDBG funds drawn
- ☐ **FY 2007 grantees** – 90% of CDBG Activity completed or 90% of non-administrative CDBG funds drawn
- ☐ **FY 2006 grantees** – 100% of CDBG non-administrative funds expended and completion report submitted
- ☐ **FY 2005 grantees (and all earlier years)** – Project closed out; audit scheduled



Retaining Project Records

- **CDBG grant recipients must retain all project records:**
 - ◆ for **four** years after the final project closeout.